

Message Text

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14

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SAM-01 OMB-01 IO-10 /080 W

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R 140729Z OCT 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 6731

INFO AMEMBASSY LONDON

AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL SYDNEY

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

USMISSION OECD PARIS

CINCPAC

C O N F I D E N T I A L CANBERRA 6876

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: EMIN, AS

SUBJECT: MINISTER FOR MINERALS AND ENERGY R.F.X. CONNOR FORCED
TO RESIGN

REF: CANBERRA 6804, CANBERRA 4950, CANBERRA 4714, CANBERRA 4527

1. SUMMARY: THE LONG SIMMERING DEBATE OVER THE OVERSEAS
LOAN AFFAIR ERUPTED AGAIN OVER THE WEEKEND WHEN PAKISTANI
FINANCIER TIRATH KHEMLANI PRODUCED TELEX MESSAGES REVEAL-
ING THAT MINISTER FOR MINERALS AND ENERGY R.F.X. CONNOR
HAD CONTINUED TO DISCUSS OVERSEAS LOANS WITH KHEMLANI AFTER
MAY 20TH DESPITE STATEMENTS TO THE CONTRARY BY MR. CONNOR
AND EARLIER ASSURANCES TO THIS EFFECT BY HIM TO PRIME MIN-
ISTER WHITLAM. THIS DISCLOSURE LED THE PRIME MINISTER TO
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FORCE MR. CONNOR TO RESIGN HIS PORTFOLIO ON OCT 14 AFTER

HEATED ARGUMENT WITHIN THE LABOR CAUCUS. MR. CONNOR WAS REPLACED AS MINISTER FOR MINERALS AND ENERGY BY SENATOR K.S. WRIEDT, ALP-TAS. THIS DRAMATIC DEVELOPMENT HAS TIPPED THE BALANCE HEAVILY TOWARDS THE OPPOSITION REJECTING THE SUPPLY BILLS AND FORCING AN EARLY ELECTION. END SUMMARY

2. KHEMLANI'S PRODUCTION OF TELEX MESSAGES FROM FORMER-MINISTER CONNOR CREATED A MAJOR STORM IN CANBERRA. WE UNDERSTAND THAT CONNOR MADE A DETERMINED BID TO RETAIN HIS PORTFOLIO DURING A HEATED MEETING OF THE ALP'S PARLIAMENTARY CAUCUS, BUT THAT WHITLAM RECEIVED MASSIVE SUPPORT WITHIN THE CAUCUS FOR THE PROPOSITION THAT CONNOR HAD MISLED HIM WHEN HE TOLD WHITLAM THAT HE HAD GIVEN HIM COPIES OF ALL SUBSTANTIVE COMMUNICATIONS HE HAD EXCHANGED WITH MR. KHEMLANI.

3. ONLY 90 MINUTES AFTER THE CAUCUS MEETING A SUBDUED WHITLAM FACED THE OPPOSITION AT QUESTION TIME. HE REPEATEDLY DUCKED QUESTIONS ON THE LOAN AFFAIR AND THE CONNOR DISMISSAL INSISTING THAT MOST OF THE QUESTIONS BE PLACED ON NOTICE.

4. MOST OBSERVERS HAVE CONCLUDED THAT MR. FRASER HAS FOUND THE UNUSUAL CIRCUMSTANCE WHICH HE WAS LOOKING FOR TO REJECT THE WHITLAM GOVERNMENT'S SUPPLY BILLS. THE FEELING HERE IS THAT THE BALANCE HAS NOW BEEN TIPPED HEAVILY TOWARDS AN EARLY ELECTION. PERCIVAL

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06 JUL 2006

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